

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

ANNUAL FINANCIAL REPORT

June 30, 2014

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT  
Annual Financial Report  
As of and for the Year Ended June 30, 2014

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## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
North Webster Parish Industrial District

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of North Webster Parish Industrial District (the "District") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the audit considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness

of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of North Webster Parish Industrial District as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-11 and 40-41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Webster Parish Industrial District's basic financial statements as a whole. The schedule of compensation paid board members and schedule of general fund expenditures are presented for purposes of additional analysis and is not a required part of the basic financial statements.

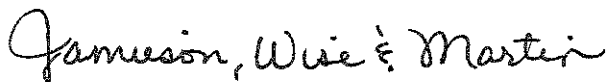
The accompanying other information, as listed in the table of contents, are presented for purposes for additional analysis and are also not a required part of the basic financial statements.

The schedule of compensation paid board members and schedule of general fund expenditures are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation paid board members and schedule of general fund expenditures are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying other information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Minden, Louisiana

December 19, 2014

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2014**

The Management's Discussion and Analysis (MD&A) of the North Webster Parish Industrial District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the notes to the financial statements and the financial statements to enhance their understanding of the North Webster Parish Industrial District's financial performance.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 13 and 14) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements begin on page 15. For governmental activities, fund statements tell how activities were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

**Reporting the District as a Whole – Government-Wide Financial Statements (GWFS)**

**The Statement of Net Position and the Statement of Activities**

Our analysis of the District as a whole begins on page 13. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. One could think of net position—the difference between assets and liabilities—as a measure of the District's financial health, or financial position. Over time, increases or decreases in net position are one indicator of whether its financial health is improving or deteriorating. One also needs to consider nonfinancial factors, however, such as changes in the District's property tax base and the occupancy and expansion of the industrial park, to assess the overall health of the District.

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2014**

of activities:

- Governmental activities – Most of the District's basic services are reported here, which includes general administration and park maintenance. Property taxes, building leases, and state grants finance most of these activities.
- Business-type activities – The District charges a fee to its tenants to help it cover the water and sewer services it provides. The District's water and sewer system activities are reported here.

**Fund financial statements**

Fund financial statements provide detailed information regarding the District's most significant activities and are not intended to provide information for the District as a whole. Funds are accounting devices that are used to account for specific sources of funds. The District's two kinds of funds – *governmental and proprietary* – use different accounting approaches.

- *Governmental funds* – The District's report includes two governmental funds, the general fund and debt service fund. The primary operations are reported in the general fund which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The debt service fund accounts for resources used to service long-term debt. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation following the fund financial statements.
- *Proprietary funds* – When the District charges its tenants for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise fund (a component of proprietary funds) is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.



**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2014**

**THE DISTRICT AS A WHOLE**

For the year ended June 30, 2014, net position changed as follows:

**Table 1**  
**Net Position**

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b><u>Activities</u></b>		<b><u>Activities</u></b>		<b><u>Primary</u></b>	
	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Current and other assets	\$ 4,373,054	\$ 4,061,399	\$ 1,216	\$ 1,460	\$ 4,374,270	\$ 4,062,859
Capital assets	<u>8,013,171</u>	<u>8,121,769</u>	<u>670,222</u>	<u>717,013</u>	<u>8,683,393</u>	<u>8,838,782</u>
Total assets	<u>12,386,225</u>	<u>12,183,168</u>	<u>671,438</u>	<u>718,473</u>	<u>13,057,663</u>	<u>12,901,641</u>
Long-term liabilities	1,631,449	1,790,647	-	-	1,631,449	1,790,647
Other liabilities	<u>185,598</u>	<u>14,988</u>	<u>4,733</u>	<u>2,320</u>	<u>190,331</u>	<u>17,308</u>
Total liabilities	<u>1,817,047</u>	<u>1,805,635</u>	<u>4,733</u>	<u>2,320</u>	<u>1,821,780</u>	<u>1,807,955</u>
Net position:						
Net investment in capital						
assets	6,383,171	6,336,769	670,222	717,013	7,053,393	7,053,782
Restricted	154,829	145,653	-	-	154,829	145,653
Unrestricted (deficit)	<u>4,031,178</u>	<u>3,895,111</u>	<u>(3,517)</u>	<u>(860)</u>	<u>4,027,661</u>	<u>3,894,251</u>
Total net position	<u>\$10,569,178</u>	<u>\$ 10,377,533</u>	<u>\$ 666,705</u>	<u>\$ 716,153</u>	<u>\$ 11,235,883</u>	<u>\$ 11,093,686</u>

As mentioned earlier, net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2014, the District's assets exceeded liabilities by \$10,569,178 and \$666,705 in the governmental and business type activities, respectively.

The largest portion of the District's net position (63%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide infrastructure and buildings to tenants operating within the industrial park. These assets are not available for future spending, unless sold to the tenants.

Restricted net position represents amount available for debt service requirements.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by enabling legislation, debt covenants, or other legal requirements –

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2014**

is \$4,031,178 in the governmental activities as of June 30, 2014. The business-type activities report a deficit of \$3,517 in its unrestricted net position.

**Table 2**  
**Changes in Net Position**

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b><u>Activities</u></b>		<b><u>Activities</u></b>		<b><u>Primary</u></b>	
	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 492,499	\$ 539,471	\$ 9,867	\$ 9,564	\$ 502,366	\$ 549,035
Capital contributions	169,077	32,876	-	-	169,077	32,876
General revenues						
Property taxes	530,017	499,377	-	-	530,017	499,377
Royalties	23,795	27,494	-	-	23,795	27,494
Investment earnings	33,497	35,840	-	-	33,497	35,840
Insurance recovery	-	-	-	13,888	-	13,888
Total revenues	<u>1,248,885</u>	<u>1,135,058</u>	<u>9,867</u>	<u>23,452</u>	<u>1,258,752</u>	<u>1,158,510</u>
<b>Program expenses</b>						
General government	845,367	759,631	-	-	845,367	759,631
Park maintenance	119,796	13,090	-	-	119,796	13,090
Interest on long-term debt	37,567	52,485	-	-	37,567	52,485
Water and sewer	-	-	113,825	115,407	113,825	115,407
Total expenses	<u>1,002,730</u>	<u>825,206</u>	<u>113,825</u>	<u>115,407</u>	<u>1,116,555</u>	<u>940,613</u>
Excess (deficiency) before special items and transfers	246,155	309,852	(103,958)	(91,955)	142,197	217,897
Special item – Loss on sale	-	(36,553)	-	-	-	(36,553)
Transfers	<u>(54,510)</u>	<u>(43,698)</u>	<u>54,510</u>	<u>43,698</u>	-	-
Increase (decrease) in net position	\$ <u>191,645</u>	\$ <u>229,601</u>	\$ <u>(49,448)</u>	\$ <u>(48,257)</u>	\$ <u>142,197</u>	\$ <u>181,344</u>

**Governmental-type activities**

The net position of the governmental-type activities increased by \$191,645. Total revenues increased over amounts reported in the prior year by approximately \$113,827.

This year, the District entered into a cooperative endeavor agreement with the Louisiana Department

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2014**

of Economic Development ("LED") and IntegriCo Composites, Inc. ("the company"). The District serves as the sponsoring entity for a construction project to develop infrastructure located within the District to which the company intends to relocate its headquarters and manufacturing operations. The District was awarded a performance-based grant, linked to the company's meeting certain employment and payroll obligations upon relocating to the District. The grant from LED provides cost reimbursement funding of a portion of the cost of the infrastructure improvements. As of June 30, 2014, the District incurred \$169,077 in construction expenses which were reimbursed through the LED grant.

Overall, expenses increased in comparison with prior year expenses. During the year, the District incurred large expenses related to cleanup of a building used by a tenant whom the District evicted in the prior year.

**Business-type activities**

Water and sewer revenues for the District were comparable with those of the prior year.

Depreciation expense accounts for 41% of the total expense of the water and sewer system.

The water and sewer system cash outflows are covered through funds available from the governmental activities because the utility system's revenues are not enough to cover the costs of operations. During the year the governmental activities covered \$54,510 of water system operation costs.

**THE DISTRICT'S FUNDS**

The focus of the District's governmental funds is to provide information on near-term inflow, outflows, and balances of spendable resources. Such information is useful for assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As the District completed the year, its governmental funds (as presented in the balance sheet on page 15) reported a combined fund balance of \$4,135,478, reflecting an increase of \$128,680 to the prior fiscal year balance of \$4,006,798.

Overall revenues of the current year increased over prior year revenues due to a grant award received in the current year which reimburses the costs incurred to renovate buildings that will be leased by the District to a new tenant.

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2014**

The overall expenditures increased due to increase in legal expenses related to Project Brittany and pursuit of new tenant, IntegriCo Composites, Inc. In addition, the District reported a full year of salary for the executive director who was newly hired in the prior year.

The District's proprietary fund statements provide the same type of information found in the government-wide financial statements but in more detail.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year ended June 30, 2014, the District made no amendments to its budget.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

At the end of June 30, 2014, the District had approximately \$14 million invested in capital assets including buildings, park facilities, and the water and sewer system.

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$ 416,639	\$ 416,639	\$ -	\$ -	\$ 416,639	\$ 416,639
Land improvements	220,684	235,005	-	-	220,684	235,005
Construction in Progress	169,877	-	-	-	169,877	-
Building and improvements	7,203,979	7,467,814	-	-	7,203,979	7,467,814
Improvements other than bldgs.	-	-	670,222	717,013	670,222	717,013
Equipment	<u>1,992</u>	<u>2,311</u>	<u>-</u>	<u>-</u>	<u>1,992</u>	<u>2,311</u>
Totals (net of depreciation)	\$ <u>8,013,171</u>	\$ <u>8,121,769</u>	\$ <u>670,222</u>	\$ <u>717,013</u>	\$ <u>8,683,393</u>	\$ <u>8,838,782</u>

**DEBT**

The North Webster Parish Industrial District issued Industrial Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition, construction and installation of a manufacturing facility deemed to be in the public interest. The bonds are secured by a \$2,900,000 Letter of Credit, revenues received in connection with the leasing of the facility, revenues of the District in excess of the statutory, ordinary and customary expenses, and any economic development tax of the District. As of June 30, 2014, the District had \$1,630,000 in debt as compared to \$1,785,000 last year. No new debt was issued during the year.

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2014**

More detailed information about the District's long-term liabilities is presented in Note 11 to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The North Webster Parish Industrial District ("NWPID") ends fiscal year 2014 with a sizeable tenant occupying both the former Trane and W2 Oil facilities.

NWPID successfully recruited IntegriCo Composites, Inc. ("IntegriCo") to north Webster parish which will create approximately 300 new jobs at year end 2017; construction is well underway with initial hiring to begin in 2015. Related to IntegriCo, NWPID will incur annual cost of \$500,000 for a performance-based grant to be paid to IntegriCo based on job creation. NWPID will furnish IntegriCo with \$500,000 at benchmark creation of 75 jobs, and then again at 300 jobs.

The performance-based grant expires after ten (10) years based on IntegriCo's consistent employment numbers. While this will adversely affect NWPID balance sheet, NWPID believes the capital/payroll injection into the community far offset any costs.

Louisiana Economic Development (LED) provided NWPID \$5 million in grant funds to complete facility improvements for IntegriCo.

Stericycle has also completed its construction of a medical waste facility, is operational, has created approximately thirty (30) jobs thus far, and continues to look for an additional fifteen (15) employees.

NWPID has experienced reasonably consistent "project flow" during 2014 as well and robust prospect activity is expected to continue during 2015. However, given the recruitment of IntegriCo, NWPID's inventory of available buildings has been exhausted. Therefore, recruitment efforts during 2015 will be limited to available land/build-to-suit prospects.

As recent GDP figures report, NWPID deems manufacturing/business expansion favorable for 2015 notwithstanding significant geo-political events.

NWPID is confident tax revenue will remain consistent for 2015.

In 2013, NWPID received a Delta Regional Authority (DRA) grant to construct new water well. Construction is underway and the new well will be operational in 2015. NWPID will incur their "match" side/costs of the \$150,000 DRA grant in the amount of \$200,000 during fiscal year 2015.

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
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The Louisiana Rural Water Authority (LRWA) has been working with NWPID management through the year to evaluate current water rates and make recommendations for future NWPID rate structure. LRWA's recommendation and NWPID approval/rejection of proposed rate increases will occur fiscal year 2015 as well.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the District's office at PO Box 176, Springhill, Louisiana, 71075, (318) 539-5058.

## **BASIC FINANCIAL STATEMENTS**

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Statement of Net Position**  
**June 30, 2014**

	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 595,214	\$ -	\$ 595,214
Investments	3,547,408	-	3,547,408
Receivables (net of allowances for uncollectibles)	36,398	1,216	37,614
Intergovernmental receivable	169,077	-	169,077
Prepaid items	24,485	-	24,485
Deposits	472	-	472
Noncurrent assets:			
Capital assets (net)	<u>8,013,171</u>	<u>670,222</u>	<u>8,683,393</u>
Total assets	<u>\$ 12,386,225</u>	<u>\$ 671,438</u>	<u>\$ 13,057,663</u>
<b>LIABILITIES</b>			
Accounts payable and other accrued liabilities	\$ 182,878	\$ 4,733	\$ 187,611
Interest payable	2,720	-	2,720
Noncurrent liabilities:			
Due within one year	166,449	-	166,449
Due in more than one year	<u>1,465,000</u>	<u>-</u>	<u>1,465,000</u>
Total liabilities	<u>\$ 1,817,047</u>	<u>\$ 4,733</u>	<u>\$ 1,821,780</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 6,383,171	\$ 670,222	\$ 7,053,393
Restricted for debt service	154,829	-	154,829
Unrestricted (deficit)	<u>4,031,178</u>	<u>(3,517)</u>	<u>4,027,661</u>
Total net position	<u>\$ 10,569,178</u>	<u>\$ 666,705</u>	<u>\$ 11,235,883</u>

The accompanying notes are an integral part of this statement.



## STATEMENT B

## NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

## Statement of Activities

For the Year Ended June 30, 2014

	Expenses	Program Revenues		Net (Expenses)/ Revenue	Net (Expenses) Revenues and Changes of Primary Government		
		Charges for Services	Capital Grants and Contributions		Governmental Activities	Business-type Activities	Total
<b>Governmental activities</b>							
General government	\$ 845,367	\$ 492,499	\$ 169,077	\$ (183,791)	\$ (183,791)	\$ -	\$ (183,791)
Park maintenance	119,796	-	-	(119,796)	(119,796)	-	(119,796)
Interest on long-term debt	37,567	-	-	(37,567)	(37,567)	-	(37,567)
Total governmental activities	<u>1,002,730</u>	<u>492,499</u>	<u>169,077</u>	<u>(341,154)</u>	<u>(341,154)</u>	<u>-</u>	<u>(341,154)</u>
<b>Business-type activities</b>							
Water and sewer	113,825	9,867	-	(103,958)	-	(103,958)	(103,958)
Total business-type activities	<u>113,825</u>	<u>9,867</u>	<u>-</u>	<u>(103,958)</u>	<u>-</u>	<u>(103,958)</u>	<u>(103,958)</u>
<b>Total primary government</b>	<u>\$ 1,116,555</u>	<u>\$ 502,366</u>	<u>\$ 169,077</u>	<u>\$ (445,112)</u>	<u>\$ (341,154)</u>	<u>\$ (103,958)</u>	<u>\$ (445,112)</u>
General revenues:							
Property taxes levied for general purposes					530,017	-	530,017
Royalties					23,795	-	23,795
Investment earnings					33,497	-	33,497
Transfers					(54,510)	54,510	-
Total general revenues and transfers					532,799	54,510	587,309
Change in net position					191,645	(49,448)	142,197
Net position-beginning					10,377,533	716,153	11,093,686
Net position-ending					<u>\$ 10,569,178</u>	<u>\$ 666,705</u>	<u>\$ 11,235,883</u>

The accompanying notes are an integral part of this statement.

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2014**

		Debt Service Fund	
	General Fund	Industrial Revenue Bonds, Series 2001	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 440,385	\$ 154,829	\$ 595,214
Investments	3,547,408	-	3,547,408
Receivables (net of allowances for uncollectibles)	29,049	-	29,049
Intergovernmental receivable	169,077	-	169,077
Deposits	472	-	472
Total assets	<u>\$ 4,186,391</u>	<u>\$ 154,829</u>	<u>\$ 4,341,220</u>
<b>LIABILITIES</b>			
Accounts, salaries, and other payables	\$ 182,878	\$ -	\$ 182,878
Total liabilities	<u>182,878</u>	<u>-</u>	<u>182,878</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	22,864	-	22,864
Total deferred inflows of resources	<u>22,864</u>	<u>-</u>	<u>22,864</u>
<b>FUND BALANCES</b>			
Restricted	-	154,829	154,829
Committed - Water system expansion	200,000	-	200,000
Unassigned	3,780,649	-	3,780,649
Total fund balances	<u>3,980,649</u>	<u>154,829</u>	<u>4,135,478</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,186,391</u>	<u>\$ 154,829</u>	<u>\$ 4,341,220</u>

The accompanying notes are an integral part of this statement.

## NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position

June 30, 2014

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund Balances, Total Governmental Funds (Statement C)	\$ 4,135,478
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	8,013,171
Other long-term assets are not available to pay for current period expenditures and therefore reported as unavailable revenue in the funds	22,864
Other assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds	31,834
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in governmental funds:	
Compensated absences	\$ (1,449)
Bonds and interest payable	<u>(1,632,720)</u> <u>(1,634,169)</u>
Net Position of Governmental Activities (Statement A)	<u>\$ 10,569,178</u>

The accompanying notes are an integral part of this statement.

## NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

**Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Governmental Funds**

**For the Year Ended June 30, 2014**

		Debt Service Fund	
	General Fund	Industrial Revenue Bonds, Series 2001	Total Governmental Funds
<b>REVENUES</b>			
Ad valorem taxes	\$ 530,017	\$ -	\$ 530,017
Intergovernmental	169,077	-	169,077
Rental income	256,986	225,771	482,757
Oil & gas royalty	23,795	-	23,795
Investment earnings	32,828	10	32,838
Total revenues	<u>1,012,703</u>	<u>225,781</u>	<u>1,238,484</u>
<b>EXPENDITURES</b>			
General government	339,460	-	339,460
Park maintenance	119,796	-	119,796
Capital outlay	229,433	-	229,433
Debt service	-	216,605	216,605
Total expenditures	<u>688,689</u>	<u>216,605</u>	<u>905,294</u>
Excess of revenues over expenditures	324,014	9,176	333,190
<b>OTHER FINANCING SOURCES (USES)</b>			
Pass through repayments to LED	(150,000)	-	(150,000)
Transfers out	(54,510)	-	(54,510)
Total other financing sources and uses	<u>(204,510)</u>	<u>-</u>	<u>(204,510)</u>
Net change in fund balances	119,504	9,176	128,680
Fund balances - beginning	<u>3,861,145</u>	<u>145,653</u>	<u>4,006,798</u>
Fund balances - ending	<u>\$ 3,980,649</u>	<u>\$ 154,829</u>	<u>\$ 4,135,478</u>

The accompanying notes are an integral part of this statement.

## NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

**Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities**

**For the Year Ended June 30, 2014**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$ 128,680
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.	(108,599)
Revenue in the Statement of Activities that do not provide current resources are not reported as revenues in the funds	10,402
The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of the differences in the treatment of long-term debt.	155,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	<u>6,162</u>
Change in Net Position of Governmental Activities, Statement B	<u>\$ 191,645</u>

The accompanying notes are an integral part of this statement.

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Statement of Net Position, Proprietary Funds**  
**June 30, 2014**

	<u>Business-Type Activity Water and Sewer</u>
<b>ASSETS</b>	
Current assets:	
Accounts receivable	\$ 1,216
Total current assets	<u>1,216</u>
Noncurrent assets:	
Capital assets (net of accumulated depreciation)	<u>670,222</u>
Total noncurrent assets	<u>670,222</u>
Total assets	<u>\$ 671,438</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 4,733
Total current liabilities	<u>4,733</u>
Total liabilities	<u>\$ 4,733</u>
<b>NET POSITION</b>	
Net investment in capital assets	670,222
Unrestricted (deficit)	<u>(3,517)</u>
Total net position	<u>\$ 666,705</u>

The accompanying notes are an integral part of this statement.

# STATEMENT H

## NORTH WEBSTER PARISH INDUSTRIAL DISTRICT Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds For the Year Ended June 30, 2014

	Business-Type Activity Water and Sewer
<b>Operating revenues:</b>	
Charges for services	
Water and sewer income	\$ 9,867
Total operating revenues	<u>9,867</u>
<b>Operating expenses:</b>	
Contract labor	12,000
Utilities	11,771
Testing fees	1,669
Repairs and maintenance	41,066
Depreciation	46,791
Telephone	528
Total operating expenses	<u>113,825</u>
<b>Operating income (loss) before transfers</b>	(103,958)
Transfers in	<u>54,510</u>
<b>Change in net position</b>	(49,448)
<b>Net position - beginning</b>	<u>716,153</u>
<b>Net position - ending</b>	<u>\$ 666,705</u>

The accompanying notes are an integral part of this statement.

# STATEMENT I

## NORTH WEBSTER PARISH INDUSTRIAL DISTRICT Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2014

	Business-Type Activity Water and Sewer
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 10,111
Cash payments for supplies and services	(64,621)
Net cash provided (used) by operating activities	(54,510)
<b>Cash flows from noncapital financing activities:</b>	
Transfer from other funds	54,510
Net cash provided (used) by noncapital financing activities	54,510
Net increase in cash and cash equivalents	-
Cash and cash equivalents at beginning of year	-
Cash and cash equivalents at end of year	\$ -
<b>Reconciliation of Operating (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating (loss)	\$ (103,958)
Depreciation	46,791
Increase (decrease) in accounts payable	2,413
(Increase) decrease in accounts receivable	244
Total adjustments	49,448
Net cash provided (used) by operating activities	\$ (54,510)

The accompanying notes are an integral part of this statement.



**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2014**

**INTRODUCTION**

The North Webster Parish Industrial District was created as a political subdivision of the state, under the provisions of Act No. 422 of the 1978 regular session of the Louisiana Legislature. Its territorial limits and jurisdiction extend throughout Ward Two of Webster Parish in the northwest corner of the State of Louisiana.

The governing authority of the District is a Board of Commissioners consisting of seven members, two of whom are appointed by the City of Springhill, one each is appointed by the municipalities of Cullen, Sarepta, Shongaloo, and Cotton Valley, and one is appointed by the Webster Parish Police Jury. Each commissioner serves for an indefinite term of office at the pleasure of the appointing authority.

The District is provided the powers and duties to incur debt and issue bonds to encourage industrial enterprises through the operation of an industrial park.

**1. Summary of Significant Accounting Policies**

**A. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the North Webster Parish Industrial District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2014**

**1. Summary of Significant Accounting Policies (continued)**

Separate financial statements are provided for governmental funds and proprietary funds. All individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related claims and judgments, are recorded only when payment is due.

Property taxes, rental income, royalties and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2014**

**1. Summary of Significant Accounting Policies (continued)**

The District reports two major governmental funds, which include:

*General Fund* – The General Fund is the entity’s primary operating fund. It accounts for all financial resources of the entity, except those required to be accounted for in another fund.

*Debt Service Fund* – The Debt Service Fund is used to account for transactions relating to resources retained and used for the payment of principal and interest on the Industrial Revenue Bonds, Series 2001.

The District reports one proprietary fund. The Enterprise Fund (Water & Sewer) is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government’s enterprise operations. Elimination of these charges would distort direct costs and program revenues reported for the various functions concerned.

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2014**

**1. Summary of Significant Accounting Policies (continued)**

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are from charges for water and sewerage services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**C. Deposits and Investments**

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts considered in time deposits and investments with original maturities of 90 days or less.

If the original maturities of investments exceed 90 days, they are classified as investments.

State law and the District's investment policy allow the district to invest in collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities. The District's investment policy goals are (1) safety of principal, (2) liquidity, and (3) yield. The District adopted investment policy does not address credit risk or custodial credit risk.

Investments in certificates of deposit and money market mutual funds are stated at amortized cost.

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2014**

**1. Summary of Significant Accounting Policies (continued)**

**D. Receivables and Payables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include grants, lease revenues, and interest.

Business-type activities report utilities as their major receivable. The District considers substantially all customers' utility receivables and other receivables to be fully collectible; accordingly, an allowance for doubtful accounts is not required. If amounts become uncollectible, in the opinion of management, they are charged to operations at that time.

In the fund financial statements, material receivables in governmental funds include revenue accruals for lease payments and other intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis.

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied and collected by the tax collector of the Parish of Webster. Taxes are levied in September or October, and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year.

The tax levy for 2013 was 5.13 mills of the assessed property valuation on tax rolls as of January 1. For the year ended June 30, 2014, taxes of \$525,282 were levied on property with assessed valuations totaling \$102,394,101.

**E. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2014**

**1. Summary of Significant Accounting Policies (continued)**

The District maintains a threshold level of \$2,500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	20-40 years
Buildings and building improvements	10-40 years
Equipment	5-20 years

**F. Compensated Absences**

The District's policy for paid-time off permits full-time employees to accumulate earned but unused vacation/sick time. The amount of paid-time off an employee is eligible for is determined by amount of time of service for the District. The employee is allowed to carryforward to the next calendar year up to 15 days of earned paid time off if workload dictates and with approval by the manager.

**G. Fund balances**

The North Webster Parish Industrial District implemented the provisions of Governmental Accounting Standards Board Statement 54, which redefined how fund balances are presented in the fund financial statements. In the fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of state or federal laws, or externally-imposed conditions by grantors or creditors.

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2014**

**1. Summary of Significant Accounting Policies (continued)**

Committed – Amounts constrained to specific purposes by the District, using its highest level of decision-making authority; to be reported amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

Assigned - Amounts the District intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned – amounts that are available for any purpose and not included in other spendable classifications.

The District established (and modifies or rescinds) fund balance commitments by formal approval during open meetings of the District board, which is the District's highest level of decision-making authority. The District has not adopted a policy to maintain the General Fund's unassigned fund balance above a certain minimum level.

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). When fund balance resources are available for a specific purpose in more than one classification, it is the District's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

**H. Restricted net position**

The governmental activities reports restricted net position for assets accumulated for servicing the North Webster Parish Industrial District Industrial Revenue Bonds, Series 2001.

In the event the District must fund outlays for a particular purpose from restricted (e.g. restricted bond) and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. The District's policy is to consider restricted net position to have been depleted before unrestricted net position is applied.

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2014**

**2. Stewardship, Compliance, and Accountability**

*Budget information.* The District uses the following budget practices:

- 1) The administrative assistant prepares a proposed budget and submits same to the Board of Commissioners no later than fifteen days prior to the beginning of each fiscal year.
- 2) After formal review and public inspection, the budget is adopted by the Board of Commissioners prior to June 30 of the year end.
- 3) Formal budgetary integration is employed as a management control device during the year for the general fund. Budgetary amendments require the approval of the Board of Commissioners. The Board of Commissioners is authorized to transfer amounts between line items within any fund.
- 4) The budget for the general fund is adopted on a cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP).
- 5) Appropriations lapse at the end of each fiscal year.
- 6) The Board of Commissioners may authorize supplemental appropriations during the year.

The revenues and expenditures, for the year ended June 30, 2014, as shown on Statement E, are reconciled with the amounts reflected on the budget comparisons on Schedule 1 as follows:

	General
Year ended June 30, 2014:	<u>Fund</u>
Net change in fund balance (Fund Basis)	\$ 119,504
To adjust for:	
(Increase) decrease in receivables	(171,876)
Increase (decrease) in payables	169,710
Increase (decrease) in deferred inflows	<u>3,177</u>
Net change in fund balance (Cash Basis)	\$ <u>120,515</u>



**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2014**

**3. Cash and Cash Equivalents**

At June 30, 2014, the District had cash and cash equivalents totaling \$595,214 in interest-bearing demand deposits. These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times at least equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2014, the District had \$4,129,621 in deposits and certificates of deposit (collected bank balances). These deposits were secured from risk by \$1,431,080 of federal deposit insurance and \$4,607,750 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

**4. Investments**

As of June 30, 2014, the District had the following investments:

<u>Types of investments</u>	<u>%</u>	<u>Credit rating</u>	<u>Total Carrying Amount</u>
Money market fund	1.3	AAA	\$ 46,397
Certificates of deposit	<u>98.7</u>		<u>3,501,011</u>
Total investments	<u>100.0</u>		<u>\$ 3,547,408</u>

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2014**

**4. Investments (continued)**

The City participates in State Street Institutional Treasury Money Market Fund (the “money market fund”). The money market fund invests in U.S. Treasury securities with maturities of 397 calendar days or less. These direct obligations of the U.S. Treasury include U.S. Treasury bonds, bills and notes. The money market investments are reported at amortized cost. Also, the carrying value of the District’s certificates of deposit is at cost which approximates fair market value.

The money market fund is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools:

- Credit risk: The money market fund is rated AAAM by Standard & Poor’s.
- Custodial credit risk: The money market fund participants’ in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The District’s investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: 2a7-like investment pools are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 Statement.
- Foreign currency risk: Not applicable to 2a7-like pools.

The Districts investments in certificates of deposit are categorized as insured securities held by the District or its agent in the District’s name. Certificates of deposits are secured from risk by federal deposit insurance and pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3.)

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2014**

**5. Receivables**

The receivables of the government-wide financial statements at June 30, 2014 are as follows:

	<u>Governmental</u>	<u>Business-type</u>
Oil and gas royalties	\$ 2,014	\$ -
Ad valorem taxes	775	-
Interest receivable	7,349	-
Lease payments receivable	26,260	-
Water & sewer receivable	<u>-</u>	<u>1,216</u>
Total	<u>\$ 36,398</u>	<u>\$ 1,216</u>

The receivables of the governmental fund financial statements at June 30, 2014 are as follows:

	<u>General Fund</u>
Oil and gas royalties	\$ 2,014
Ad valorem taxes	775
Lease payments receivable	<u>26,260</u>
Total	<u>\$ 29,049</u>

All receivables are expected to be collected within one year, and are considered fully collectible and, therefore, no allowance for uncollectible amounts is provided. If amounts become uncollectible, they are charged to operations when that determination is made.

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2014**

**6. Capital Assets**

Capital assets and depreciation activity as of and for the year ended June 30, 2014, for the District is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 416,639	\$ -	\$ -	\$ 416,639
Construction in progress	<u>-</u>	<u>169,877</u>	<u>-</u>	<u>169,877</u>
Total capital assets, not being depreciated	<u>416,639</u>	<u>169,877</u>	<u>-</u>	<u>586,516</u>
Capital assets being depreciated				
Land improvements	1,374,959	-	-	1,374,959
Buildings and improvements	10,190,394	-	-	10,190,394
Machinery and equipment	<u>39,352</u>	<u>-</u>	<u>-</u>	<u>39,352</u>
Total capital assets being depreciated	<u>11,604,705</u>	<u>-</u>	<u>-</u>	<u>11,604,705</u>
Less accumulated depreciation for:				
Land improvements	1,139,954	14,321	-	1,154,275
Building and improvements	2,722,580	263,835	-	2,986,415
Machinery and equipment	<u>37,041</u>	<u>319</u>	<u>-</u>	<u>37,360</u>
Total accumulated depreciation	<u>3,899,575</u>	<u>278,475</u>	<u>-</u>	<u>4,178,050</u>
Total capital assets being depreciated, net	<u>7,705,130</u>	<u>(278,475)</u>	<u>-</u>	<u>7,426,655</u>
Governmental activities capital assets, net	<u>\$ 8,121,769</u>	<u>\$ (108,598)</u>	<u>\$ -</u>	<u>\$ 8,013,171</u>
Business-type activities:				
Capital assets being depreciated				
Improvements other than buildings	\$ 1,804,563	\$ -	\$ -	\$ 1,804,563
Less accumulated depreciation for:				
Improvements other than buildings	<u>1,087,550</u>	<u>46,791</u>	<u>-</u>	<u>1,134,341</u>
Total capital assets being depreciated, net	<u>\$ 717,013</u>	<u>\$ (46,791)</u>	<u>\$ -</u>	<u>\$ 670,222</u>

Depreciation expense was charged as a direct expense of the primary government as follows:

Governmental activities:		Business-type activities:	
General government	<u>\$ 278,475</u>	Water & sewer	<u>\$ 46,791</u>

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2014**

**7. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The District does not have an item that qualifies for reporting in this category.

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. The District has only one type of item, which arises only under modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental fund reports unavailable revenues from an operating lease which is structured to include artificially low rent in certain years of the agreement as an inducement to rent the property. The lease payments are recognized as receivable, since total payments due under the lease are recorded in a straight-line basis. Therefore in years where no rents are received, the revenues are not considered "available," until payments are received.

**8. Accounts payable and other accrued liabilities**

The payables of the government-wide financial statements at June 30, 2014 are as follows:

	<u>Governmental</u>	<u>Business-type</u>
Accounts payable	\$ 173,709	\$ 4,733
Salaries payable	3,179	-
Payroll tax liabilities	<u>5,990</u>	<u>-</u>
Total	<u>\$ 182,878</u>	<u>\$ 4,733</u>

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2014**

**9. Operating Transfers**

Operating transfer balances for the year ended June 30, 2014, were as follows:

	Operating Transfer	
	<u>IN</u>	<u>OUT</u>
General Fund	\$ -	\$ 54,510
Enterprise Fund	<u>54,510</u>	<u>-</u>
	<u>\$ 54,510</u>	<u>\$ 54,510</u>

**10. Leases**

The District leases four buildings to companies operating in the park. The primary terms of the leases range from two years to fifteen years with, in some cases, options to renew. The District has granted an option, within the primary term of the lease, for the lessee to purchase said building in all leases except for the operating lease on Building #4 and the clinic.

The following is the net investment in each building:

	<u>Cost</u>	Accumulated depreciation as of <u>June 30, 2014</u>
Building #3	\$ 1,025,803	\$ 94,032
Building #4	1,297,330	542,489
Building #5	1,272,845	480,221
Compression Building Facility	5,209,392	1,388,325
Building – Clinic	343,820	71,884
CSP – Office facility/Geothermal Cooling System	<u>871,097</u>	<u>341,846</u>
Total	<u>\$ 10,020,287</u>	<u>\$ 2,918,797</u>

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2014**

**10. Leases (continued)**

The following is a schedule of future minimum lease payments to be received, as of June 30, 2014:

Year Ended <u>June 30</u>	CSP <u>facility</u>	CSP <u>office</u>	Medical <u>Clinic</u>	Building <u>#4</u>	<u>Total</u>
2015	\$ 232,060	\$ 40,421	\$ 9,742	\$ 64,800	\$ 347,023
2016	235,813	39,155	9,742	10,800	295,510
2017	239,206	37,901	9,742	-	286,849
2018	242,239	36,655	9,742	-	288,636
2019	249,495	35,399	9,742	-	294,636
2020-2021	<u>546,365</u>	<u>83,007</u>	<u>12,177</u>	<u>-</u>	<u>641,549</u>
Total minimum lease payments	\$ <u>1,745,178</u>	\$ <u>272,538</u>	\$ <u>60,887</u>	\$ <u>75,600</u>	\$ <u>2,154,203</u>

**11. Long-term Obligation**

The following is a summary of the change in long-term debt for the year ended June 30, 2014:

<u>Type of debt</u>	Balance <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2014</u>	Amount due <u>within one year</u>	Noncurrent <u>liabilities</u>
Governmental activities:						
Industrial revenue bonds	\$ 1,785,000	\$ -	\$ (155,000)	\$ 1,630,000	\$ 165,000	\$ 1,465,000
Compensated absences	<u>5,647</u>	<u>8,394</u>	<u>(12,592)</u>	<u>1,449</u>	<u>1,449</u>	<u>-</u>
Total	\$ <u>1,790,647</u>	\$ <u>8,394</u>	\$ <u>(167,592)</u>	\$ <u>1,631,449</u>	\$ <u>166,449</u>	\$ <u>1,465,000</u>

Bonds payable at June 30, 2014, are comprised of the following individual issues:

	Principal <u>Outstanding</u>	Interest to <u>Maturity</u>
\$2,900,000 Revenue Bonds, dated July 1, 2001; Due in annual installments of \$85,000-250,000; Interest at an adjustable weekly interest rate based on the prime rate	\$ 1,630,000	\$ 139,037

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2014**

**11. Long-term Obligation (continued)**

The North Webster Parish Industrial District issued Industrial Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition, construction and installation of a manufacturing facility deemed to be in the public interest. The bonds are secured by a \$2,900,000 Letter of Credit, revenues received in connection with the leasing of the facility, revenues of the District in excess of the statutory, ordinary and customary expenses, and any economic development tax of the District.

The annual requirements to amortize all debt outstanding as of June 30, 2014, including interest payments of \$139,037, are as follows:

Year ending June 30	Revenue Bonds		Total
	<u>Principal</u>	<u>Interest</u>	
2015	\$ 165,000	\$ 31,638	\$ 196,638
2016	175,000	28,016	203,016
2017	185,000	24,184	209,184
2018	195,000	20,142	215,142
2019	205,000	15,890	220,890
2020-2023	<u>705,000</u>	<u>19,167</u>	<u>724,167</u>
	<u>\$ 1,630,000</u>	<u>\$ 139,037</u>	<u>\$ 1,769,037</u>

**12. Pass Through Payments Reported as Other Financing Sources (Uses)**

On June 4, 2004, a contract was executed between the Louisiana Department of Economic Development (LED), Continental Structural Plastics of Louisiana, LLC (CSP), and the North Webster Parish Industrial District (District). The contract was to award a grant of \$1,800,000 through the LED Economic Development Award Program for the purpose of funding the construction of a 37,500 square foot addition to an existing plant facility, owned by the District and leased to CSP.

The contract requires CSP to execute with the District a lease containing a commitment to occupy the addition for its manufacturing purposes, and repay the awarded funds through 144 consecutive monthly lease payments over a 12 year term in the amount of \$12,500 each, beginning with CSP's



**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2014**

**12. Pass Through Payments Reported as Other Financing Sources (Uses) - continued**

occupancy of the addition, to be paid to the District, which will act as a “pass through” or a “conduit” and forward all lease payments received from CSP to LED in repayment of the grant.

During the year ended June 30, 2014, the District received twelve (12) installments of \$12,500 from CSP totaling \$150,000 which was recognized as rental payments. The same amount was remitted to LED for the year ended June 30, 2014. The total remaining installments due to LED as of June 30, 2014 is \$500,000.

**13. Construction Commitments**

On June 18, 2013, the District received approval for funding of a \$150,000 grant through the States’ Economic Development Assistance Program for expansion of the District’s water system. As part of the grant agreement, the District committed \$200,000 of its own funds towards the expansion project. No construction activity occurred during the fiscal year ended June 30, 2014.

Effective March 18, 2014, the District entered into a cooperative endeavor agreement with the State of Louisiana (State), Louisiana Department of Economic Development (LED), and IntegriCo Composites, Inc. (Company). The State through LED shall provide the District with a performance-based grant of \$2.5 million for facility improvement costs to be paid commencing October 1, 2014, on a cost reimbursement basis of \$1 from LED for each \$1 expended by the District. The District also received a separate Economic Development Grant of \$2.5 million, also for facility improvement costs. Total costs of \$169,877 related to facility improvements were incurred as of June 30, 2014.

In addition, the District has agreed to provide the Company with a performance-based grant of \$5.0 million for Equipment costs (the “Equipment Costs Grant”) subject to an annual limit of \$500,000 on a cost reimbursement basis of \$1 from the District for each \$1 expended by the Company. The initial annual grant payment shall be made upon verification that the Company has filled 75 jobs; the second annual payment shall be made upon verification that the Company has filled 300 jobs; subsequent annual grant payments shall be made upon verification that the Company remains within 90% attainment of required jobs. No costs related to Equipment Costs Grant have been incurred as of June 30, 2014.

## **REQUIRED SUPPLEMENTARY INFORMATION**

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered part of the basic financial statements. This information includes the Budgetary Comparison Schedule for the General Fund and notes to the budgetary comparison schedule.

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(CASH)</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues</b>				
Taxes - ad valorem	\$ 480,000	\$ 480,000	\$ 530,517	\$ 50,517
Rental income	261,939	261,939	257,152	(4,787)
Oil & gas royalty	23,000	23,000	23,507	507
Interest	31,000	31,000	32,828	1,828
Total revenues	<u>795,939</u>	<u>795,939</u>	<u>844,004</u>	<u>48,065</u>
<b>Expenditures</b>				
General Government	323,870	323,870	334,478	(10,608)
Park maintenance	15,500	15,500	119,796	(104,296)
Capital outlay	200,000	200,000	64,705	135,295
Total expenditures	<u>539,370</u>	<u>539,370</u>	<u>518,979</u>	<u>20,391</u>
Excess of revenues over expenditures	256,569	256,569	325,025	68,456
<b>Other Financing Sources (Uses)</b>				
Pass through repayments to LED	(150,000)	(150,000)	(150,000)	-
Operating transfers out	(60,000)	(60,000)	(54,510)	5,490
Total other financing sources (uses)	<u>(210,000)</u>	<u>(210,000)</u>	<u>(204,510)</u>	<u>5,490</u>
Net change in fund balances	46,569	46,569	120,515	73,946
<b>Fund balance - beginning</b>	<u>3,862,219</u>	<u>3,862,219</u>	<u>3,862,219</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 3,908,788</u>	<u>\$ 3,908,788</u>	<u>\$ 3,982,734</u>	<u>\$ 73,946</u>

The accompanying notes are an integral part of this statement.

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**

**Notes to Budgetary Comparison Schedule  
As of and for the Year Ended June 30, 2014**

Note 1 - Budget basis

The budget for the general fund is adopted on a cash basis.

## **OTHER SUPPLEMENTAL SCHEDULES**

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements include:

- Schedule of Compensation Paid Board Members
- Schedule of General Fund Expenditures

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Schedule of Compensation Paid Board Members  
June 30, 2014

The Board of Commissioners of the North Webster Parish Industrial District meets each month. They do not receive any compensation. The following were members of the Board as of June 30, 2014:

Chairman	Jeff Harper	Member	Randy Sexton
Vice-Chairman	Denny McMullan	Member	Lamar Smith
Secretary	Keith Chanler	Member	Terry Revelle
Member	David Smith		

The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT  
Schedule of General Fund Expenditures  
Year Ended June 30, 2014

With Comparative Amounts for the Year Ended June 30, 2013

	<u>2014</u>	<u>2013</u>
General and administrative:		
Salaries	\$ 144,900	\$ 123,017
Taxes	10,866	9,545
Insurance	58,486	50,671
Legal and accounting	35,554	22,852
Professional fees	-	225
Office	4,732	10,014
Tax assessor fees	18,644	17,761
Travel	10,981	5,862
Bank fees	979	1,399
Promotional	3,564	1,332
Telephone	8,640	7,389
Utilities	29,639	20,037
Dues	6,441	2,796
Printing	1,894	2,864
Commission Expense	3,888	3,888
Miscellaneous	252	5,653
Total general and administrative	<u>339,460</u>	<u>285,305</u>
Park expenditures:		
Maintenance	<u>119,796</u>	<u>13,090</u>
Capital outlay:		
Miscellaneous projects	<u>229,433</u>	<u>25,094</u>
Total capital outlay	<u>229,433</u>	<u>25,094</u>
Total general fund expenditures	<u>\$ 688,689</u>	<u>\$ 323,489</u>

The accompanying notes are an integral part of this statement.

## **OTHER REPORTS**



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MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners  
North Webster Parish Industrial District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of North Webster Parish Industrial District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 19, 2014.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

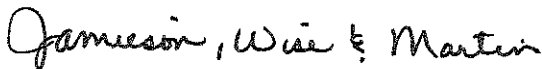
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether North Webster Parish Industrial District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended purpose of these reports is limited, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.



Minden, Louisiana

December 19, 2014

## **OTHER INFORMATION**

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Current Year Findings, Recommendations and Corrective Action Plan  
For the Year Ended June 30, 2014

There were no findings required to be reported in accordance with Generally Accepted Government Auditing Standards (GAGAS).

## NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

### Status of Prior Audit Findings For the Year Ended June 30, 2014

The following is a summary of the status of the prior year audit findings included in the Jamieson, Wise & Martin, APAC audit report dated November 21, 2013 in connection with the audit of the financial statements of the North Webster Parish Industrial District as of and for the year ended June 30, 2013.

#### **2013-01 Health insurance coverage for employees**

**Finding:** The District covered health insurance for only two of its three full-time employees. In addition, health insurance benefits were not provided through a policy of group insurance as required by LSA RS 33:515.

**Status:** In February, 2014, the District board approved policy to offer health insurance coverage to its eligible employees through a group policy.